

Message Text

LIMITED OFFICIAL USE

PAGE 01 NEW DE 08599 280744Z

12

ACTION NEA-16

INFO OCT-01 ISO-00 EB-11 COME-00 AGR-20 SWF-02 TRSE-00

AID-20 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00

NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20 USIA-15 DRC-01

/145 W

----- 066427

R 280705Z JUN 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 2336

INFO AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

LIMITED OFFICIAL USE NEW DELHI 8599

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, IN

SUBJECT: INDIAN FOODGRAIN SITUATION

REF: NEW DELHI 7607

BEGIN SUMMARY: MONSOON PERFORMANCE SINCE THE FIRST PART OF JUNE HAS GENERALLY BEEN BELOW AVERAGE BOTH IN COVERAGE OF AREA AND INTENSITY OF PRECIPITATION. AS YET, THERE IS NO CAUSE FOR UNDUE CONCERN REGARDING MONSOON PERFORMANCE TO DATE. THE GOVERNMENT'S DOMESTIC PROCUREMENT OF WHEAT TOTALS APPROXIMATELY 1/3 OF THE AMOUNT PROCURED AS OF THIS TIME LAST YEAR. HOWEVER, WITH A POSSIBLE RECORD 1973-74 RICE CROP AND INCREASED PRODUCTION IN RICE SURPLUS STATES RICE PROCUREMENT HAS SET A LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 NEW DE 08599 280744Z

NEW HIGH. PRICE CEILINGS ON WHOLESALE

AND RETAIL OPEN MARKET WHEAT SALES WILL BE SET IN THE FOOD DEFICIT STATES. A HIGH LEVEL CABINET COMMITTEE ON FOOD AND AGRICULTURE HAS BEEN ESTABLISHED UNDER PRIME MINISTER GANDHI'S CHAIRMANSHIP.

1. THE MONSOON ARRIVED OVER KERALA IN SOUTH INDIA AND THE EXTREME NORTHEASTERN PART OF INDIA (ASSAM, NAGALAND, MANIPUR AND MIZORAM, AND NORTH BENGAL) APPROXIMATELY ON TIME DURING THE END OF MAY. SINCE THE FIRST PART OF JUNE, THE MONSOON'S PERFORMANCE HAS BEEN GENERALLY BELOW AVERAGE BOTH IN COVERAGE OF AREA AND IN INTENSITY OF PRECIPITATION. THE LATE ARRIVAL OF MONSOON IN SOME AREAS HAS DELAYED PLANTING OF KHARIF (FALL/WINTER-HARVESTED) CROPS. BELOW AVERAGE PERFORMANCE OF MONSOON SO FAR IS NOT CAUSE FOR UNDUE CONCERN. A DELAY OF ABOUT TWO-THREE WEEKS IN THE ARRIVAL OR REVIVAL OF ACINIS IS GENERALLY CONSIDERED TO BE WITHIN THE BOUNDS OF NORMAL VARIATION.

2. THE GOVERNMENT'S DOMESTIC PROCUREMENT OF WHEAT CONTINUES TO LAG SUBSTANTIALLY BEHIND PACE OF PREVIOUS YEARS. PROCUREMENT THROUGH JUNE 24 TOTALED APPROXIMATELY 1.35 MILLION METRIC TONS AS COMPARED TO 4.00 MILLION TONS DURING SAME TIME PERIOD LAST YEAR. THE SUBSTANTIALLY REDUCED LEVEL OF WHEAT PROCUREMENT HAS BEEN PARTIALLY OFFSET BY RECORD LEVEL OF RICE PROCUREMENT DURING 1973-74 (NOV./OCT.). AS OF JUNE 20, APPROXIMATELY 3.74 MILLION TONS (MILLED BASIS) HAD BEEN PROCURED BY THE GOVERNMENT AS COMPARED TO 2.48 MILLION TONS DURING THE SAME TIME PERIOD LAST YEAR. THE PREVIOUS RECORD LEVEL OF RICE PROCUREMENT FOR A FULL TWELVE MONTHS WAS 3.43 MILLION TONS IN 1968-69. TOTAL RICE PROCUREMENT DURING 1973-74 SEEMS LIKELY TO APPROXIMATE 3.9 MILLION TONS. THIS HIGH LEVEL OF PROCUREMENT IS DUE NOT ONLY TO A POSSIBLE RECORD 1973-74 RICE CROP, BUT ALSO TO THE INCREASED PRODUCTION IN RICE SURPLUS STATES.

3. AT A MEETING OF THE FOOD MINISTERS OF THE MAJOR FOOD DEFICIT STATES AND AGRICULTURE MINISTER AHMED, IT WAS DECIDED PRICE CEILINGS WOULD BE IMPOSED ON OPEN-MARKET WHEAT SALES IN DEFICIT STATES AT BOTH WHOLESALE AND RETAIL LEVEL. PRICE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 NEW DE 08599 280744Z

CEILINGS WILL VARY FROM STATE TO STATE IN ACCORDANCE WITH COSTS INVOLVED. CEILING PRICES WILL BE FORMULATED BY STATE GOVERNMENTS IN CONSULTATION WITH AGRICULTURAL MINISTRY. WHOLESALE PRICE CEILINGS WILL BE FIXED IN EACH STATE AFTER ADDING TRANSPORT COSTS, HANDLING CHARGES, AND OTHER INCIDENTAL CHARGES TO BASIC CEILING PRICE OF RS. 150 PER QUINTAL THAT HAS ALREADY BEEN FIXED FOR SURPLUS STATES' INTER-STATES SALES (REF). RETAIL PRICE CEILINGS WILL BE FIXED AFTER TAKING ACCOUNT

OF ADDITIONAL COSTS INVOLVED INCLUDING PRIFIT MARGINS.

4. TAMIL NADU HAS ANNOUNCED WHOLESALE PRICE CEILING FOR WHEAT OF RS. 170 PER QUINTAL AND A MAXIMUM RETAIL PRICE OF RS. 180 PER QUINTAL. EARLY THIS WEEK, MAHARASHTRA ANNOUNCED THAT EFFECTIVE THE FIRST OF JULY, THERE WILL BE A WHEAT SALES CEILING PRICE OF RS. QYT PER QUINTAL FOR WHOLESALERS AND RS. 175 PER QUINTAL FOR RETAILERS.

5. IN PRESS BRIEFING LAST WEEK, MINISTER OF AGRICULTURE AHMED INDICATED TOTAL FOODGRAIN PRODUCTION IN 1973-74 WOULD LIKELY APPROXIMATE 107-108 MILLION METRIC TONS, INCLUDING THE ATTAINMENT OF THE RICE PRODUCTION TARGET OF 45 MILLION TONS. WE CURRENTLY ESTIMATE TOTAL FOODGRAIN PRODUCTION AT APPROXIMATELY 103 MILLION INCLUDING 43.5 MILLION TONS OF RICE. INCLUDED IN THE 1973-74 RICE PRODUCTION GOAL IS A TARGET OF 4.5 MILLION TONS FOR THIS YEAR'S SUMMER RICE CROP (HARVESTED MARCH/JUNE). THIS COMPARES WITH 2.7 MILLION PRODUCED LAST YEAR AND THE PREVIOUS RECORD OF 3.1 MILLION TONS. A MEMBER OF THE AGRICULTURAL ATTACHE STAFF IS CURRENTLY TRAVELING TH THE STATE CAPITALS OF THE MAJOR SUMMER RICE-PRODUCING STATES TO OBTAIN A CURRENT ASSESSMENT OF LIKELY PRODUCTION.

6. THE GOI HAS ESTABLISHED A HIGH-LEVEL CABINET COMMITTEE OF FOOD AND AGRICULTURE UNDER PRIME IMINISTE GANDHI'S CHAIRMANSHIP. MEMBERS OF THE COMMITTEE INCLUDE AGRICULTURE MINISTER FAKHRUDDIN ALI AHMED, DEFENSE MINISTER JAGJIVAN RAM, MISITER FOR INDUSTRIL DEVELOPMENT, SCIENCE AND TECHNOLOGY C. SUBRAMANIAM, AND THE COMMUNICATIONS MINISTER BRAHMANANDA REDDI. THERE WAS ALREADY A SMALL COMMITTEE IN THE CABINET DEALING WITH FOOD AND AGRICULTURE UNDER THE CHAIRMANSHIP OF MR. AHMED BUT IT RARELY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 NEW DE 08599 280744Z

MET. THE DECISION TO RECONSTITUTE AND INCLUDE IN THE COMMITTEE TWO FORMER FOOD MINISTERS (JAGJIVAN RAM AND SUBRAMANIAM) IS SAID TO HIGHLIGHT THE IMPORTANCE BEING ATTACHED TO FOOD PRODUCTION PROGRAMS AND OTHER RELATED MATTERS BY THE PRIME MINISTER. SIMILAR COMMITTEES AT THE STATE LEVEL WITH THE CHIEF MINISTER AS CHAIRMAN ARE EXPECTED TO BE SET UP. SCHNEIDER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, AGRICULTURAL PRODUCTION, FOOD SHORTAGE, WHEAT, GRAINS, STOCKPILES, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 28 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974NEWDE08599
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740171-0606
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974064/aaaaacyr.tel
Line Count: 161
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: NEW DELHI 7607
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 14 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14-Aug-2002 by elyme>; APPROVED <19 MAR 2003 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INDIAN FOODGRAIN SITUATION
TAGS: EAGR, IN
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005